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Open Letter about Oil and Gas Development from the BLM Montana/Dakotas State Director

The last time the U.S. produced more energy than it used, Harry Truman was still president. A lot has changed since 1952. Montana, North Dakota, and South Dakota have changed too. We have more people living in newer and bigger houses. We have more people driving cars and pickups and SUVs and ATVs and boats and motorhomes. We have more people wanting to hunt or fish or hike or just get away from it all. We have more people wanting more public lands preserved in a pristine condition.

Unfortunately, one thing hasn't changed; we don't have any more land, just more pressure from all directions to use it and conserve it at the same time.

The state of Montana itself covers some 94 million acres. About 8 million acres of that land is administered by the Bureau of Land Management for multiple uses, as mandated by Congress. We're also responsible for a 32-million-acre fluid mineral estate, a fancy way to say oil and gas. About a quarter of that federal oil and gas acreage is off limits to development due to mineral withdrawals and stipulations implemented through land use plans to protect environmentally sensitive resources. In North Dakota, the BLM manages nearly 1.5 million subsurface acres of federal oil and gas mineral estate in the western one-third of the state and about 58,000 surface acres of public land, mostly located in Dunn and Bowman Counties. The South Dakota Field Office manages over 274,000 surface acres and around 1.7 million acres of subsurface mineral estate in South Dakota. The majority of the surface acres are located west of the Missouri River in 13 counties; mineral estate is found in 32 of the 66 counties. Butte County in western South Dakota has the majority of the surface acres with around 145,000 acres.

It's most important for you to know that the BLM is a good investment for America. For every \$1 appropriated to the BLM, the bureau returns \$5 to the U.S. Treasury. For example, in North Dakota in 2010 more than \$1.3 billion was contributed to North Dakota's economy through BLM-administered oil and gas production; more than 6,300 North Dakota jobs were supported by energy development on public lands; and the BLM collected more than \$87 million in oil production royalties with approximately 50 percent of that returned to the state of North Dakota. Nearly \$1.4 million in PILT payments were made to local counties by the Department of the Interior. In comparison, South Dakota's oil and gas output is much smaller; that state saw a total of \$11.4 million in oil and gas revenue.

To give you some perspective on our oil and gas program, in fiscal year 2011 the BLM issued 45 Applications for Permit to Drill (APDs) in Montana, about 19 percent of the total issued statewide. The remaining 189 permits (81 percent) were contained in the two-thirds of Montana's fluid minerals that are non-federal and completely outside BLM's purview. It's worth noting that the states have their own leasing systems, and private owners can lease or develop their own minerals. In North Dakota, the development of the Bakken Formation is apparent. The BLM North Dakota Field Office received 477 drilling permits in fiscal year 2011, and more than \$3 million in drilling fees was collected. The BLM staff there has seen a 500 percent increase in workload since 2007.

The BLM continually seeks a balance between the intrinsic value of open space, solitude, and recreation, and the need to provide energy and commodities while conserving our natural and cultural resources for present and future generations. Congress has given us these marching orders through numerous laws. The 1920 Mineral Leasing Act and 1947 Acquired Mineral Leasing Act are the two major ones. It requires us to make federally owned oil and gas available for leasing.

Oil and gas development is nothing new in the Montana/Dakotas; it's been going on since the first decade of the 1900s. Just as it was then, leasing and any subsequent development is market driven.

One difference today is the multiple layers of environmental studies and reviews that take place before an area is offered for lease and before drilling is allowed on leased land. We monitor oil and gas operations until a well is properly plugged and the site has been reclaimed. And our inspection totals continue to exceed quotas. For example, from 2008 through 2011 we conducted some 9,700 drilling, production, plugging and environmental inspections.

Additionally, to facilitate sound energy development on the National System of Public Lands the BLM is developing various approaches to maximize efficiency in tracking and processing APDs, including an automated APD processing system. The new system will track an APD through the entire review process, and allow the public and operators to view the BLM processing status of APDs. As important, the system will also allow operators to make any required corrections. To improve the leasing process, the BLM is developing a National Oil and Gas Lease Sale System (LSS) that will electronically track the leasing process from initial public submission of Expressions of Interest (EOI) and pre-sale offers through the sale and issuance of oil and gas leases.

It's important to also note that not all land offered for lease is actually leased, not all leases result in drilling permits, and not all wells drilled actually produce. For example, in December 2010, we offered 119 parcels in Montana and only 53 received bids. The parcels that did not receive bids were scattered across the state in Broadwater, Gallatin, Park, Lewis & Clark, Big Horn, Rosebud, Powder River, Carter and Fergus Counties.

Monetarily, leasing is a win-win situation for taxpayers. Even on undeveloped leases, the BLM still collects rent that's shared with the state, and if a lease produces, subsequent royalties are also shared. Montana's cut was \$21.6 million in 2011; North Dakota's cut was \$29 million.

Obviously, oil and gas can't be produced without some impacts. But nothing we humans do is completely benign, be it hiking, hunting, house building, raising crops, or producing energy. However, the BLM constantly strives to minimize or mitigate impacts.

Across the Montana/Dakotas, intermingled land pattern naturally requires cooperative efforts across all ownerships to have workable solutions to the natural resource challenges facing us, such as the conservation of the greater sage-grouse. With your input to our land-use planning efforts and environmental reviews, we can accomplish our mission of managing the public lands – your lands – for multiple use.

A stable energy supply is the virtual lifeblood of our state and nation. To keep it flowing, we need to nurture new and renewable energy technologies, conserve the energy we already have, and cooperate in developing our natural resources responsibly. Together, we can foster working landscapes and conserve our heritage of open space and abundant wildlife that all of us in the Montana/Dakotas cherish.

If you would like more information on what's involved in managing the federal mineral estate – whether it be oil, gas, or coal – [click here](#).

Jamie E. Connell
State Director, BLM Montana/Dakotas